

Legislative Fiscal Bureau

Fiscal Note

HF 181 - Mental Health & Substance Abuse Insurance Parity (LSB 2302 HT)
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Fiscal Note Version - New
Requested by Representative Brad Hansen

Description

House File 181 creates Chapter 514C.21, Code of Iowa, and requires that a group policy, contract, or plan providing for third-party payment or prepayment of health or medical expenses which provides coverage benefits for outpatient prescription drugs or devices must provide coverage benefits for enteral formulas for home use under the policy, contract, or plan, delivered, issued for delivery, continued, or renewed in Iowa on or after July 1, 2004.

Enteral formula means formulas which have been proven effective for the treatment of specific diseases including, but not limited to, inherited diseases of amino acid or organic acid metabolism; Crohn's disease; gastro-esophageal reflux with failure to thrive; disorders of gastrointestinal motility such as chronic intestinal pseudo-obstruction; and multiple, severe food allergies which if left untreated will cause malnourishment, chronic physical disability, mental retardation, or death.

Assumptions

1. Total FY 2004 State employee health and medical costs would be approximately \$242.7 million, not including members of the State Peace Officers Council, and employees on a Managed Care Organization (MCO) plan not on central payroll.
2. Total plan costs would increase by an estimated 1.0% in FY 2004.
3. The costs of enteral formulas for home use will increase at the same rate as other medical condition costs.
4. The projection for FY 2005 assumes a total plan increase of 15.0% compared to FY 2004, without any changes in benefits.
5. The proportion of General Fund is assumed to be 53.0%, the federal portion is assumed to be 35.0%, and the employee share is assumed to be 12.0%.

Fiscal Impact

House File 181 would cost the General Fund an estimated \$1.3 million in FY 2004 and \$1.5 million in FY 2005.

Approximately \$850,000 for FY 2004 and approximately \$977,000 for FY 2005 would be funded from federal monies.

The estimated employee share of the increase would be \$291,000 for FY 2004 and \$335,000 for FY 2005.

Sources

Department of Personnel
Wellmark Blue Cross and Blue Shield of Iowa

/s/ Dennis C Prouty

March 24, 2003

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Legislative Fiscal Bureau to members of the Legislature upon request.
